BRITISH COLUMBIA
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BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 09-18 May 8th, 2009

- **Unemployment rate remains at 7.4% in April**
- **Housing starts continue to slide, but rate of decline slows in April**
- **Eighty-four percent of British Columbians say they made charitable donations in 2008**

Labour Force

- **British Columbia's unemployment rate was unchanged at 7.4% (*seasonally adjusted*) in April as the number of jobs (+0.8%) in the province grew in tandem with the size of the labour force (+0.7%).** The increase marked the first significant employment growth in the province since March 2008. Job figures in the province have been very volatile since the beginning of the year, and April's gain (+0.8%) only partly offset an even bigger drop (-1.0%) in the previous month.

  Canada's unemployment rate was also unchanged, remaining at 8.0% as the labour force and employment both expanded slightly. Manitoba (4.6%) and Saskatchewan (5.0%) had the lowest jobless rates in the country. Alberta's rate (6.0%), like BC's, was significantly higher than a year earlier. Rates in the rest of Canada ranged from 8.4% in Quebec to 14.7% in Newfoundland.

  Data Source: Statistics Canada

- **Volatile labour market conditions were particularly evident in BC's goods industries, where the number of jobs advanced 4.5% (*seasonally adjusted*) after retreating at about the same rate (-4.6%) in March.** The number of service sector jobs was virtually unchanged (-0.1%) for the second month in a row, but employment in service industries has been trending down since December. The downturn in the service sector was widespread, with most industries recording declines. Retail & wholesale trade (+3.6%), information, culture & recreation (+2.8%), education (+2.7%) and health (+2.5) were the only service industries to take on more workers in April. *Data Source: Statistics Canada*

- **Regional unemployment rates in some parts of the province have begun to move back into double-digit territory.** The jobless rate in Cariboo (12.0%, *three-month moving average*) was the highest since 2004, and 10.6% of the labour force in North Coast/Nechako was unemployed. In Thompson/Okanagan and Kootenay, rates were just shy (9.7%) of the ten percent mark. Jobless rates in Vancouver Island/Coast and Mainland/Southwest were lower (both at 6.9%).

The Economy

- **Housing starts in the province continued to slide in April, albeit at a slower rate, posting a 1.7% drop (*seasonally adjusted*) following a 16.2% decrease in March.** Nationally, starts were down 19.9%, as new building activity slowed in six provinces, including Quebec (-6.2%) and Ontario (-42.0%). On the other hand, Saskatchewan (+38.1%), Alberta (+4.2%) and parts of Atlantic Canada posted increases. *Data Source: CMHC*

- **The value of building permits issued by the province's municipalities showed continued volatility in March, falling 4.9% (*seasonally adjusted*), after surging 85.4% in February.** Residential permits plummeted (-27.6%), offsetting an 18.0% climb in non-residential building projects. Planned spending on institutional projects jumped (+287.5%) and permits for industrial (+22.3%) buildings also grew. Meanwhile, commercial projects (-47.1%) were on the decline, following a strong February (+88.0%). The strength in institutional projects was fuelled mostly by planned spending on medical buildings in the province.

Report Twenty Years of Free Trade with the US

Did you know...
Two-thirds of British Columbians (66%) say protecting the environment should be given priority over economic growth. *Source: Ipsos Canada*

In Vancouver, permits dropped 42.0% from February to March, but other areas saw considerable increases. Abbotsford (+191.1%) posted the most prominent growth of BC's census metropolitan areas; however, permits in Kelowna (+86.0%) and Victoria (+33.4%) were also significantly higher than in the previous month.

Canadian permits climbed 23.5%, as increases in Quebec (+30.3%), Alberta (+34.1%) and Ontario (+45.7%) contributed most substantially to offsetting declines in five other provinces. *Data Source: Statistics Canada*

- **There were an average of 107,194 employment and assistance cases in the province (including singles, couples and families) last year, up significantly (+9.1%) from 2007.** Despite the increase, income assistance clients represented just 3.2% of the provincial population, about on par with 2007 proportions (3.1%) and significantly less than a decade earlier (7.0% in 1998). About one-third (40,312) of the cases in 2008 were for temporary assistance, while another 66,882 cases involved people with disabilities.

Data Source: Ministry of Housing and Social Development data

Newspapers

- **In 2007, operating profit margins for Canadian newspaper publishers were up for the first time since 2003.** The rate of decline for operating expenses (-1.9%), including wages, salaries and benefits, outpaced a slight slip in revenue (-0.3%), pushing the industry's overall operating profit margin up to 14.6%, more than a full percentage point above that of 2006 (13.2%). *Data Source: Statistics Canada*

Tourism

- **Canadian hotel operators surveyed in April are less optimistic about their prospects than they were earlier in the year.** A mere four percent expect occupancy rates to rise during the peak summer months, while more than three-quarters (78%) are anticipating declines. Fifty-seven percent of hoteliers expect to see a decrease in room rates between July and September, nearly six times the 10% who think they will rise. Opinions are equally divided between those expecting an increase (3%) and those anticipating a decline (73%) in corporate and commercial travel. However, nearly a quarter (24%) of hoteliers foresee no change.

While one in ten did not expect any difficulties in the second quarter, the obstacles most frequently cited by those who had concerns were regional economic conditions (54%), excess room supply (36%) and exchange rate fluctuations (28%). Twenty percent said a lack of attractions or complementary facilities in the vicinity was a problem and some continued to report a shortage of skilled (11%) and unskilled labour (10%). A similar percentage felt that Canada's reputation as a desired tourist destination (10%) was a likely business impediment, while others (8%) were expecting to experience abnormal weather or natural disasters. *Data Source: Statistics Canada*

Charity

- **Last year, a generous 84% of British Columbians surveyed reported that they opened their wallets to support the province's charities.** Residents over the age of 55 (88%) were more likely to have made a donation in 2008 than their younger counterparts (77% among those between the ages of 18 and 34). Not surprisingly, British Columbians living in higher income households ($75K+) were also more apt to give to charity (90% compared to 74% for households with annual incomes under $45K). Current economic conditions could be dampening prospects for donations in 2009, as 32% of those surveyed reported being less likely to make a donation this year, and a quarter (24%) intend to give less money than they did in 2008.

These numbers are much higher than those reported on tax forms. In 2007 (the latest year for which information is available) only about a quarter of BC taxfilers submitted receipts for charitable donations.

Data Source: Survey of Charitable Giving Market, Ipsos Canada
Taxfiler data from Statistics Canada

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Contact: Dan Schrier
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originally published in
Exports Issue 09-01

Twenty Years of Free Trade with the U.S.

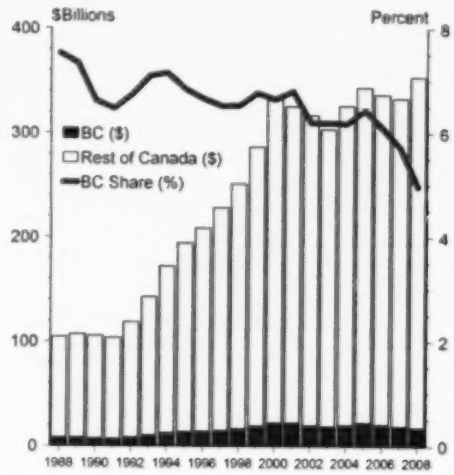
January 1, 2009 marked the twentieth anniversary of free trade between Canada and the United States. The signing of the Canada-United States Free Trade Agreement (CUSFTA) in 1988 marked the first time since 1866 that the two countries had a comprehensive free trade agreement in place. Between 1854 and 1866, the Reciprocity Treaty between pre-Confederation Canada and the United States dictated the terms of free trade between the two regions, but the United States backed out of the treaty because they felt that Canada was the only beneficiary of the deal.

The next foray into free trade for the two countries was in 1911, when the Liberal government negotiated a deal with the US, but before it could be ratified, the Liberals were defeated in the national election and the incoming Conservative government killed the deal. It wasn't until 1965 before another major trade agreement was in place: the Auto Pact, which eliminated tariffs on cars, trucks, buses, tires and automotive parts.

The more comprehensive CUSFTA entered into force on January 1, 1989 and while there was not an immediate impact on trade, as tariffs were phased out, trade between the two countries rose dramatically. Not only did trade in goods experience a substantial increase, but so too did trade in services, as well as foreign direct investment, both by the US in Canada and Canada in the US.

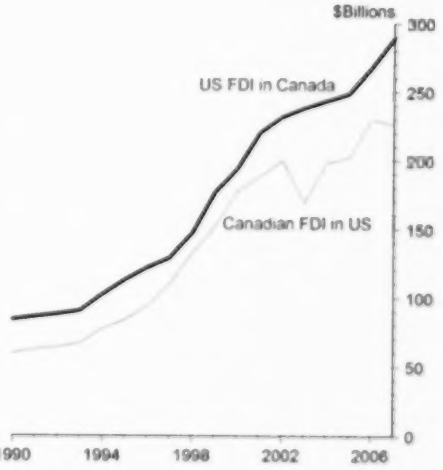
On the goods side, BC appears to have benefitted less than some of the other provinces as the province's share of Canadian exports to the US has trended down slightly over the last couple of decades. British Columbia's commodity export market is more diversified

Since the Canada-US Free Trade Agreement was signed, BC's share of Canadian exports to the US has been trending down slightly



Source: Statistics Canada

Foreign Direct Investment between Canada and the United States has experienced a dramatic increase in the last two decades



Source: Statistics Canada

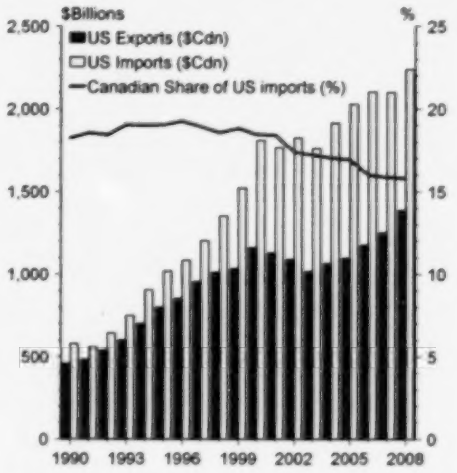
than most other provinces, with a smaller percentage of the province's trade destined for the United States. Nevertheless, BC's exports to the US experienced strong growth in the wake of the free trade agreement.

There is some debate over whether the increased trade that has occurred since the signing of CUSFTA is a result of the trade agreement, or whether it may have happened regardless. Critics point to the fact that Canada's share of US commodity imports did not experience a significant increase with the free trade agreement in place and has actually declined over the last decade. The low value of the Canadian dollar relative to its American counterpart through the 1990s may have been the primary driver of the growth in exports to the United States, rather than the trade agreement, although Canadian imports of goods and services from the US also increased. However, there was significant growth in imports from the rest of the world as well.

One problem with attempting to evaluate the increase in trade flows since the signing of CUSFTA is that it is difficult, or perhaps even impossible, to isolate the changes that occurred due to the implementation of the free trade agreement and those that would have occurred even in the absence of such an agreement.

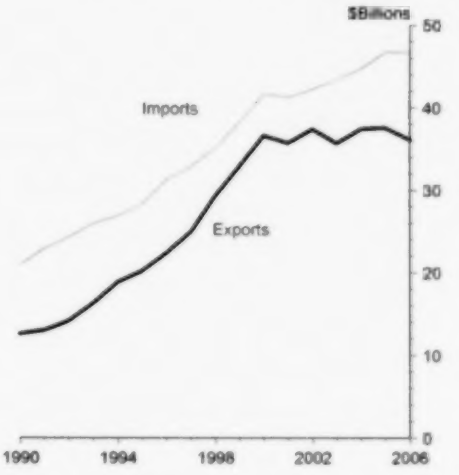
However, regardless of whether it was the free trade agreement or other forces, it is undeniable that trade between Canada and the United States has experienced a substantial increase over the last two decades. Even when adjusted for price inflation, the value of both Canadian commodity exports to the United States and imports from the US have more than doubled in the last 20 years. It is likely that the trade agreement played at least some part in that expansion.

Canada's share of US imports did not increase significantly with the signing of CUSFTA, rather it has actually dropped over the last decade



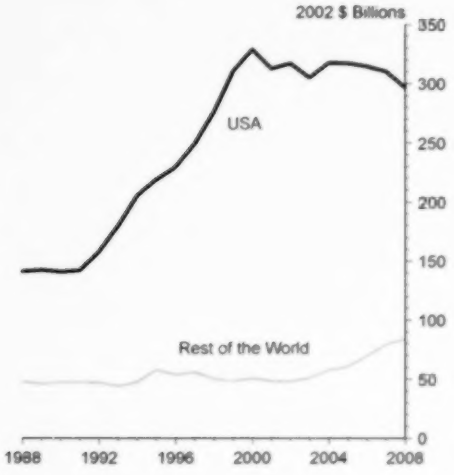
Source: Industry Canada

Trade in services between Canada and the United States has significantly increased since the signing of the free trade agreement



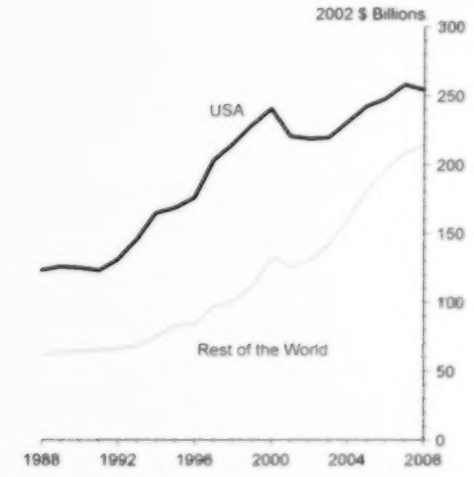
Source: Statistics Canada

Canadian exports to the United States increased dramatically in the wake of the Canada-US Free Trade Agreement



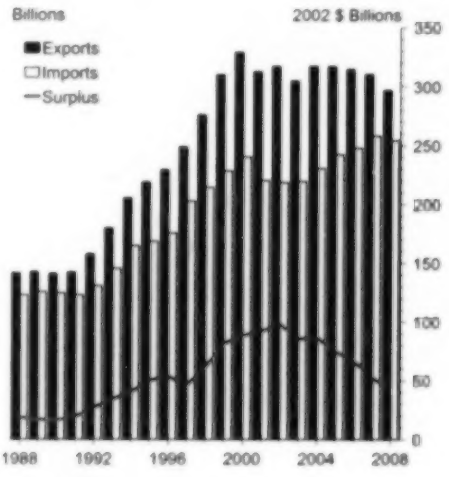
Note: All constant dollar figures quoted in this report and shown in the charts are calculated using a simplistic method of taking an overall export (or import) price deflator and applying it to the customs-based trade data produced by Statistics Canada. A specific United States deflator was used to deflate exports and imports to and from the US and an all countries deflator was used to deflate the remainder of the export and import data. A more rigorous procedure would have been to take deflators for individual commodity groups and apply those to the data, but the complexity of such a methodology is beyond the scope of this report. Nevertheless, the constant dollar figures quoted here give a reasonable indication of the true growth in trade between the two countries.

Canadian imports have also increased, both from the United States as well as the rest of the world



Source: BC Stats

Canada has maintained a trade surplus with the United States since the FTA was signed



Source: BC Stats

While imports from the US increased in lockstep with imports from the rest of the world, Canadian commodity exports to the US grew at a much more rapid rate than exports to other destinations. The swift rise in exports through the late nineties and the

early part of this decade resulted in an expanding trade surplus with the United States. While the gap has diminished in recent years, the commodity trade surplus is still more than double what it was 20 years ago.

British Columbia's commodity trade with the United States also took off after CUSFTA entered into force, although, as mentioned earlier, BC's share of Canada's exports to the US has actually been declining over the last two decades.

British Columbia exports to the United States also increased after the trade deal was signed

Source: BC Stats

Nevertheless, the share of BC's goods exports that is destined for the United States is significantly higher than it was before the trade agreement was in place. Only 44% of BC's exports were shipped to the US in 1988, but that ratio grew to a peak of 69% in 2001 before falling back down to 53% last year. The rapid rise in the Canadian dollar is likely the main reason for the decline and the ratio could rise again now that the value of the loonie has dropped back to below 80% of the American dollar.

Most other provinces also saw proportionately more of their exports shipped to the United States after CUSFTA came into force. The Prairie and Atlantic provinces in particular have become more dependent on trade with the US, although the biggest change by far was for Yukon, which shipped only about 4% of its goods to the US in 1988, but saw approximately 97% of its commodity exports destined for the US in 2008. In 1988, Yukon exports were dominated by lead and zinc shipments to various overseas destinations, whereas in 2008, copper exports to the United States constituted the bulk of Yukon's commodity exports.

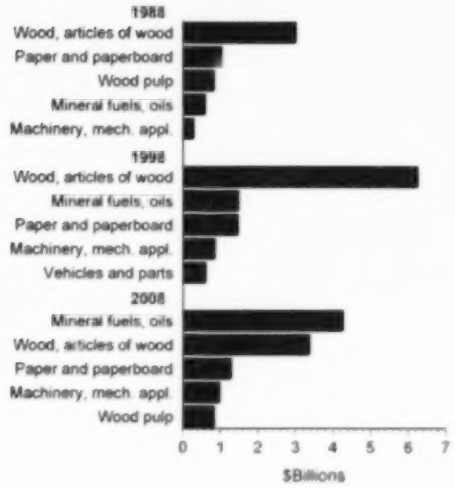
Share of Domestic Exports Destined for the US (%)

Province	1988	1998	2008
BC	44	63	53
Alta	73	82	88
Sask	37	54	64
Man	61	75	69
Ont	87	92	82
Que	77	84	74
NB	67	81	83
NS	67	73	79
PEI	64	80	75
NL	64	65	72
Yuk	4	98	97
NWT*	2	3	1
Canada	74	84	78

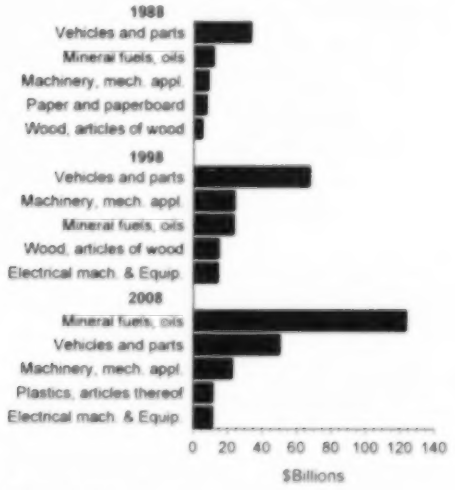
** Includes Nunavut*

For British Columbia, there have only been marginal changes in the types of goods shipped to the US in the last twenty years. Mineral fuels and oils (including electricity) have become a much larger part of BC's goods exports to the US, but otherwise the commodity mix remains fairly similar.

The top 5 commodities exported from BC to the US have changed marginally over the last two decades...



...whereas for Canada as a whole, there have been far more significant changes to the commodity mix



Source: Statistics Canada

On the other hand, Canada's top exports to the United States have changed much more dramatically. Like BC, mineral fuels and oils have become more important, but unlike in BC, they dominate other goods exports, comprising over a third of overall shipments to the US in 2008. Crude petroleum and natural gas are the top goods in this category. Plastics and electrical machinery and equipment are a much larger component of Canadian exports to the US than they were 20 years ago.

While it is impossible to determine just how much of an impact CUSFTA has had on Canada-US trade, the data show that there have been substantial changes in the economies of both countries over the last twenty years. Levels of productivity have increased, two-way trade between the two countries has grown substantially, and the types of goods produced and traded have also changed.

Bearing in mind the economic importance of the United States to Canada and vice versa, it is more critical than ever to ensure that free trade between the two nations is maintained. Given the global economic meltdown and the protectionist sentiment that such economic downturns tend to foster, and considering the anti-NAFTA rhetoric that was a staple of the recent US elections, free trade could be threatened unless Canada remains vigilant at defending its interests.

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May 8, 2009
Issue 09–18

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also on the Internet at www.bcstats.gov.bc.ca or choose RSS

BC at a glance . . .

POPULATION (thousands)	Jan 1/09	% change on one year ago
BC	4,420.0	1.7
Canada	33,504.7	1.2
GDP and INCOME (Revised Apr 27)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	199,214	3.5
GDP *($ 2002 millions)*	164,161	-0.3
GDP *($ 2002 per Capita) (reflects revised pop)*	37,466	-1.9
Personal Disposable Income *($ 2002 per Capita)*	26,110	3.3
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Feb	2,803	-2.5
Merchandise Exports - Feb	2,483	7.1
Retail Sales - Feb	4,328	-1.3
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - Mar 2009)		
BC	1.1	2.2
Vancouver	1.3	2.4
Victoria	1.1	2.1
Canada	1.2	2.2
LABOUR FORCE (thousands)	Mar '09	% change on prev. month
(seasonally adjusted)		
Labour Force - BC	2,420	-0.2
Employed - BC	2,240	-1.0
Unemployed - BC	180	11.4
		Feb '09
Unemployment Rate - BC *(percent)*	7.4	6.7
Unemployment Rate - Canada *(percent)*	8.0	7.7
INTEREST RATES (percent)	May 6/09	May 7/08
Prime Business Rate	2.25	4.75
Conventional Mortgages - 1 year	3.90	6.95
- 5 year	5.25	6.99
US-CANADA EXCHANGE RATE	May 6/09	May 7/08
(avg. noon spot rate) Cdn $ per US $	1.1731	1.0021
(closing rate) US $ per Cdn $	0.8578	0.9930
AVERAGE WEEKLY WAGE RATE	Mar '09	% change on one year ago
(industrial aggregate - dollars)		
BC	790.02	3.8
Canada	796.01	3.7

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

BC Economic Accounts

With this release from Statistics Canada, preliminary estimates have been made for 2008 without revisions to previous years. BC gross domestic product (GDP), personal income, final domestic demand and trade flow data have been updated on our website.

http://www.bcstats.gov.bc.ca/data/bus_stat/econ_acct.asp

Demographic Atlas, Selected Indicators

The Demographic Atlas is a new mapping tool added to the BC Stats website. The 2008 population components by Local Health Areas (89 regions) can be visualized with this user-friendly, interactive, and powerful analytical application. It allows for comparison and correlation of two data sets, giving the user the ability to export the output to a document or slide show, yielding geographical analysis without the cost of expensive software or GIS knowledge.

We would like to thank the University of Victoria for their partnership, and welcome comments and enquiries.

www.bcstats.gov.bc.ca/data/pop/Atlas.asp

Dynamic Population Pyramid

One of the best tools for examining population age/sex structure and dynamics is the Population Pyramid. With this graph, one can view a region's age and sex structure with a glance, but with our dynamic pyramid tool the user can see the changing community population profile over time.

www.bcstats.gov.bc.ca/data/pop/PeopleDataViewer/pyramid.asp

Released this week by BC Stats

- Tourism Sector Monitor, April 2009
- Labour Force Survey, April 2009
- Earning and Employment Trends, April 2009

Next week

- Exports, March 2009

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